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REPORT TO THE CONGRESS

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BY THE COMPTROLLER GENERAL OF THE UNITED STATES



Classification Of Federal White-Collar Jobs Should Be Better Controlled

Civil Service Commission

Office of Management and Budget

Weak controls and pressures exerted on job classifications have resulted in overgraded Federal positions. How many is unknown. Overgraded positions increase costs and adversely affect employee morale and productivity.

Top Federal management must make a commitment to improve job classifications and to organize the work of Federal departments and agencies economically. This attitude must permeate all Government echelons.

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FPCD-75-173

DEC. 4, 1975

ERRATA

For the Comptroller General's report to the Congress--
Classification of Federal White-Collar Jobs Should Be Better
Controlled (FPCD-75-173, Dec. 4, 1975):

In the third line of the third paragraph on page i,
the word "four" should be "three."



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-167266

To the President of the Senate and the
Speaker of the House of Representatives

This report discusses some agencies' controls over classifying white-collar positions, the Civil Service Commission's role in the classification process, and the need for greater commitments to prevent overgrading. In addition, the report provides information to assist the Congress in considering whether it needs agencies' annual certifications that their positions are needed and properly classified.

We made our review pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

We are sending copies of this report to the Chairman, Civil Service Commission; the Director, Office of Management and Budget; and the Secretaries of Defense, Labor, Housing and Urban Development, and Health, Education, and Welfare.

A handwritten signature in black ink, reading "Luther B. Atchafalua".

Comptroller General
of the United States

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ABBREVIATIONS

| | |
|-------|--|
| CSC | Civil Service Commission |
| DCASR | Defense Contract Administration Services Region, Defense Supply Agency |
| GAO | General Accounting Office |
| GS | General Schedule |
| HEW | Department of Health, Education, and Welfare |
| HUD | Department of Housing and Urban Development |
| MA | Manpower Administration, Department of Labor |
| OMB | Office of Management and Budget |
| PME | personnel management evaluation |
| SRS | Social and Rehabilitation Services, Department of Health, Education, and Welfare |

COMPTROLLER GENERAL'S
REPORT TO THE CONGRESS

CLASSIFICATION OF FEDERAL
WHITE-COLLAR JOBS
SHOULD BE BETTER CONTROLLED
Civil Service Commission
Office of Management and Budget

D I G E S T

In 1974 the Government paid \$18 billion in salaries to 1.3 million employees under the General Schedule, its chief category of white-collar workers. In order that these employees may receive equal pay for equal work, the Government classifies General Schedule positions according to duties, responsibilities, and qualifications.

Federal departments and agencies have the authority to organize and classify their own General Schedule positions, grades 1 through 15, using Civil Service Commission standards as guides. The Commission is responsible for reviewing the classification practices of the departments and agencies.

GAO reviewed the Commission's administration of the Federal classification program at its headquarters and four regional offices and reviewed selected agencies' administration of position classification responsibilities-- headquarters and a regional office of the Department of Labor's Manpower Administration; headquarters and a regional office of the Department of Housing and Urban Development; headquarters of the Department of Health, Education, and Welfare's Social and Rehabilitation Services and a regional office of the Department; and a Defense Contract Administration Services Region of the Defense Supply Agency.

How many General Schedule positions are overgraded is unknown. This situation is significant enough to warrant closer attention because of some agencies' weak controls and pressures exerted by managers, employees, and their representatives to raise classifications.

If positions are overgraded, costs are increased unnecessarily and employee morale and productivity are affected adversely.

Before the situation can improve, top management must make a commitment to classify positions correctly and organize their workload more economically. This attitude must permeate all Federal department and agency echelons. (See pp. 29 and 30.)

The President should emphasize the importance of improved management and classification of positions and the need for all heads of departments and agencies to develop, at all management levels, a special informed interest in classifying positions properly for purposes of economy and efficiency. Agency heads should be required to

- establish adequate, effective management and classification systems of General Schedule positions,
- have managers attend training programs periodically on position management and classification,
- evaluate how well managers carry out their classification responsibilities, and
- provide adequate numbers of competent classifiers of positions.

There have been many problems with the Civil Service Commission's classification guidance and monitoring, but the Commission has taken initiatives to improve the situation, including

- a plan to update standards,
- a new method of guidance,
- a new approach to identifying classification problems, and
- emphasis on improving agencies' internal evaluation systems.

It is too early to judge whether these efforts will significantly improve agencies'

practices. But long-existing pressures on the classification system and the weak controls of some agencies require the Commission's continued emphasis on proper classification.

The Chairman of the Commission should:

- Keep pressure on agencies to establish their own internal evaluation systems, assess the adequacy of such systems, and require improvement where necessary.
- Monitor the effectiveness of actions being taken to improve the Commission's own evaluations of agencies' classifications. Effective evaluations should include identifying overgrading, determining the underlying causes of classification errors, taking firm stands on issues, making prompt followup on agency corrective actions, and, when necessary, certifying positions or revoking classification authority.
- Implement the plan to update classification standards and follow it with a timely, well-controlled review cycle so that standards are kept current.

The Civil Service Commission and the Office of Management and Budget generally agreed with these recommendations.

Under emergency legislation, agencies must certify to the Congress each year that their positions are needed and properly classified. Some agencies have certified that all positions were correctly classified without adequately reviewing positions or making needed changes. The Civil Service Commission has recommended that this requirement not be reenacted when the emergency legislation lapses. The information in this report should be of assistance to the Congress in evaluating the Commission's recommendation. (See p. 31.)

CHAPTER 1

INTRODUCTION

The Government needs many different jobs done to effectively carry out its programs. In such a large organization, an objective and systematic way of establishing the relative value of each job and an associated pay structure is important. The process of valuing, or classifying jobs, helps insure that the Government gives equal pay for jobs requiring equally difficult duties, responsibilities, and qualifications. Classification is an evaluation of the job, not the individual filling the job nor the individual's job performance.

The Classification Act of 1949, as amended (5 U.S.C. 5101 et seq.), is the principal legal authority for classifying about 1.3 million of the Government's 3 million civilian employees. The act established 18 grades, or levels of work, into which all positions covered were to be placed, and it broadly defines the job difficulties and responsibilities for each of the 18 grade levels. The act also contains an associated 18 grade pay structure, the General Schedule (GS).

The act provides that the Civil Service Commission (CSC) group positions into classes sufficiently similar as to (1) kind or subject matter of work, (2) level of difficulty or responsibility, and (3) qualification requirements. For example, grade 3 clerk-typist positions are one class. All classes in an occupation, irrespective of grade level, are grouped to form a series, such as all clerk-typists. CSC develops occupational standards to guide agencies in placing positions in appropriate classes and grade levels. In any individual series, not all 18 grade levels are used but only those that represent the range of work found in that occupation. The 1.3 million GS employees are in 22 broad occupational groups containing about 430 occupations, and each occupation is slotted into 1 or more of the 18 grades.

Under the act, agencies must classify their own GS-1 through GS-15 positions using CSC standards as guides. For each position, agencies must prepare a written description of duties, responsibilities, and supervisory relationships, which an agency official certifies is complete and accurate. CSC is responsible for monitoring the adequacy of agencies' classification practices and may direct an agency to correct improper classifications or may withdraw the agency's classification authority.

The law (5 U.S.C. 5301 et seq.) provides for an annual review and adjustment of white-collar employees' salaries by

administrative action. It also provides these pay principles, that: (1) pay be comparable with private enterprise pay for the same levels of work, (2) pay be equal for substantially equal work, (3) pay distinctions be maintained in keeping with work and performance distinctions, and (4) pay levels for the statutory pay systems be interrelated (GS, Foreign Service, and Department of Medicine and Surgery of the Veterans Administration.)

Annually, a selected group of GS benchmark positions at various grades are priced in the private sector and used as the basis for setting GS salaries. Salaries for the other statutory pay systems are related to GS pay through job evaluation techniques. That is, typical duties, responsibilities, and qualifications required in one GS grade are matched to those of a similar work level in another system. This comparison provides the basis for pricing the pay structure of the dependent system.

CHAPTER 2

IMPROVED CLASSIFICATION NEEDED

Proper position classification is the key to achieving and maintaining the objectives of

--equal pay for equal work and

--comparability of pay with the private sector.

Improper classification adversely affects employee morale, the Government's competitive posture, and the integrity of classification and pay systems.

The process for setting pay--annually comparing Federal and private sector jobs--depends upon proper classification. If Federal jobs are overgraded, the pay process can result in unjustifiably high Federal salaries.

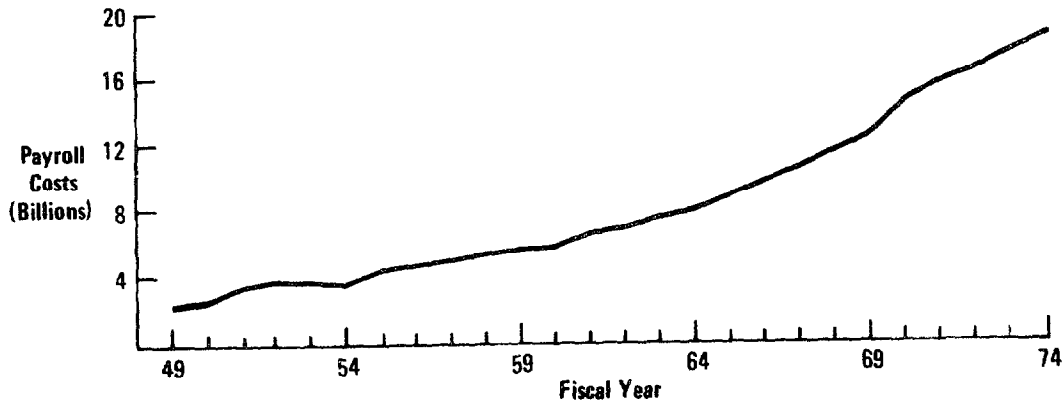
The average GS grade has crept upward--50 percent since 1949. Much of the increase was justifiable, but some was the result of overgrading. Even small increases in the average grade level cause tremendous increases in Government costs.

Managers' attitudes are not conducive to making the classification process work; managers exert pressure to have positions overgraded and are reluctant to correctly classify overgraded positions. In addition, some agencies' programs to control classification are inadequate: the annual position reviews required by law are not adequately performed; internal evaluations are infrequent; little emphasis is given to organizational studies; and procedures to maintain accurate position descriptions are inadequate.

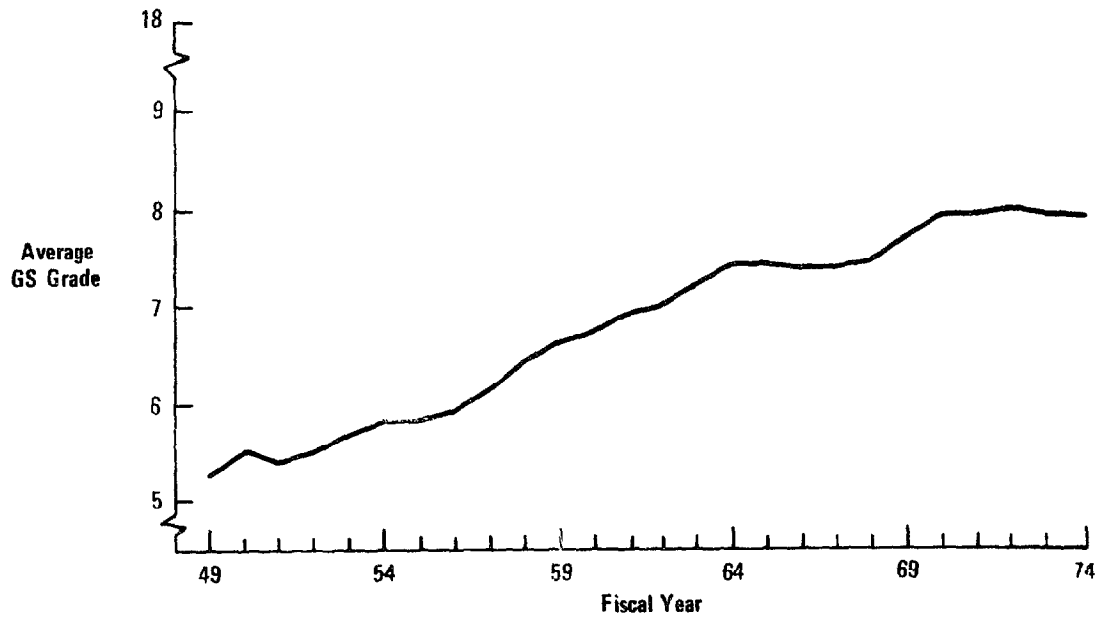
Consequently, although the full dimensions of overgrading are not known, the situation warrants considerably more attention, especially by agency managers.

GRADE TREND: UPWARD

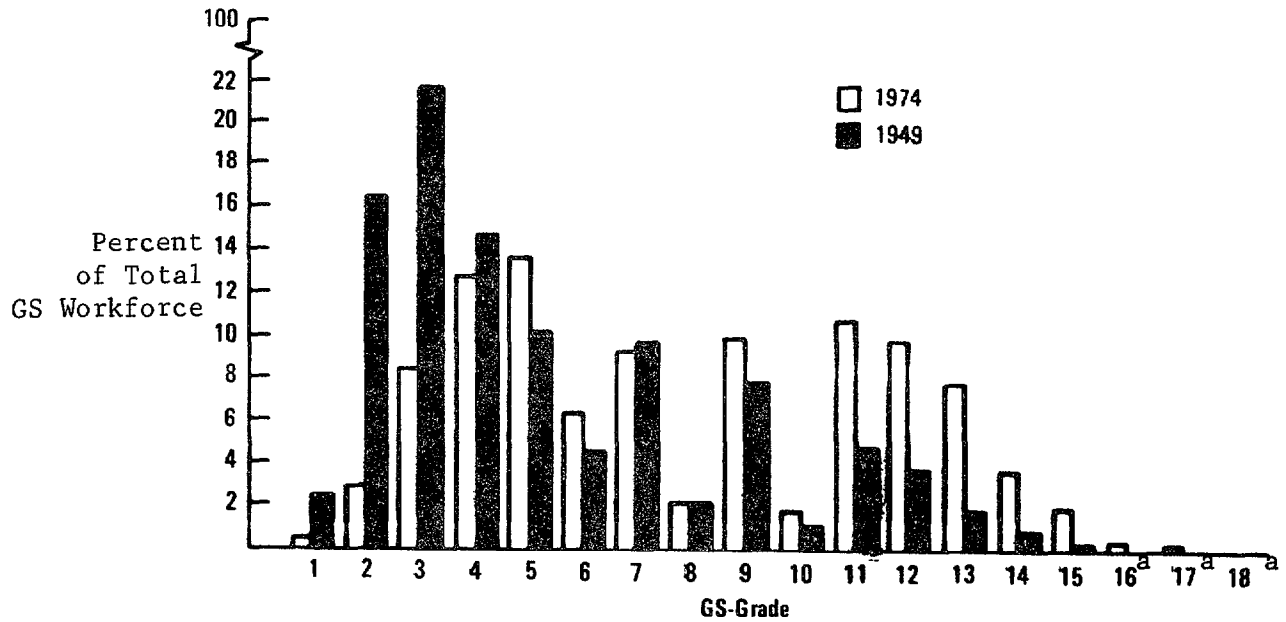
GS payroll costs have risen steeply--about 600 percent--since the Classification Act was enacted in 1949.



The higher costs are attributable mainly to increases in the number of employees (about 85 percent) and in pay rates (about 175 percent). But some of the increased costs are attributable to higher grades. The GS average grade has increased 50 percent--from GS-5.25 to GS-7.87.



The grade distribution changed.



a/Grades 16 through 18 were not used in 1949; percentage of GS-18s in 1974 was too small to be reflected.

Grade levels increased largely because the Government employed fewer clerical and lower skilled personnel but more professionals and highly trained technicians. The higher skills were needed because of technological changes and the Government's more complex programs, such as space, health research, and environmental protection. Nevertheless, the increase in grade average has caused concern.

CONCERN ABOUT GRADE ESCALATION

In 1951 the Congress approved legislation requiring agencies to review positions annually to make sure they are all needed and correctly classified and report related actions to certain Committees of the Congress. (See p. 13.)

In 1969 a subcommittee of the House Committee on Post Office and Civil Service issued a report on its study of job evaluation and ranking in the Federal Government. The subcommittee found major problems with position classification--among them, pay considerations had put pressure on the classification system to increase grade levels and overgrading had resulted. Federal white-collar pay generally lagged behind that for the private sector until July 1969 when Federal pay was raised to "full" comparability. Since then, pay has been adjusted annually. The subcommittee also found adversary relationships between classifiers and managers,

complex and insufficient classification standards, and inadequate monitoring by CSC. (See p. 21.)

In 1971 the Office of Management and Budget (OMB) established a program to reduce the grade average because it believed that jobs were being upgraded unjustifiably and that Federal agencies were not adequately controlling the grades of higher level jobs. OMB estimated that each one-tenth increase in grade average cost \$175 million at 1971 pay and benefit levels. Agencies that had experienced escalation were required to reduce their average grades and meet specific targets by the ends of fiscal years 1972 and 1973. In August 1973, OMB abandoned specific targets and began monitoring monthly trends. When an agency showed grade escalation, selective controls were applied.

EVIDENCE OF OVERGRADING

Although various reviews have shown overgraded positions, the magnitude and pervasiveness of overgrading are unknown. According to CSC, its survey results cannot be used to generalize a specific percentage error rate Government-wide. But overgrading has serious ramifications:

- Some employees may feel their positions are undergraded in comparison to overgraded positions, leading to morale problems and loss of productivity.
- The Government will pay excessive costs for salaries, benefits, and training.
- The Government will be viewed as an unfair competitor in the labor market.
- The overgraded position may become a precedent for other improper classifications.
- The integrity of the system becomes questionable.

CSC classification findings

As part of its oversight responsibility, CSC reviews agencies' classification practices and controls. During fiscal years 1969 through 1974, CSC reviewed about 54,000 GS positions--24,000 by documentary review (reviewing agency documentation, such as position descriptions, organization charts, and mission statements) and 30,000 by desk audit (interviewing the incumbent and/or other employees to determine the actual duties and responsibilities of the position in addition to the documentary review). About 23,500 of

these positions were not actually reviewed but were presumed identical to reviewed positions.

Because the positions were selected for review on a judgmental, error-seeking basis, the results could not be projected. But over the 6-year period CSC found about 1,600 positions graded too high, about 310 graded too low, and 5,000 questionable classifications which CSC directed the agencies to review. (See p. 26.) There were also about 2,300 other errors, such as an incorrect occupational series. A summary of CSC's findings follows.

| | <u>Total reviews</u> | | <u>Desk audits</u> | | <u>Documentary reviews</u> | |
|----------------------------------|----------------------|----------------|--------------------|----------------|----------------------------|----------------|
| | <u>Number</u> | <u>Percent</u> | <u>Number</u> | <u>Percent</u> | <u>Number</u> | <u>Percent</u> |
| Positions reviewed | 54,000 | 100.0 | 30,000 | 100.0 | 24,000 | 100.0 |
| Overgraded | 1,600 | 3.0 | 1,400 | 4.7 | 200 | 1.0 |
| Undergraded | 310 | .6 | 250 | .9 | 60 | .3 |
| Other errors | 2,300 | 4.3 | 1,900 | 6.3 | 400 | 1.8 |
| Questionable (for agency review) | 5,000 | 9.4 | 3,500 | 12.1 | 1,500 | 6.1 |

Because allegations of grade escalation from loose or careless agency practices were increasing and because there was little hard data to support or disprove the allegations, CSC in fiscal year 1974 undertook a special study, more sophisticated in approach, to identify and analyze problems in classifying positions at grades 12 through 15. For the 40 most populated professional and administrative occupations, actual grade level distributions were compared to the normal grade distribution expected by CSC standards writers. From those 13 occupations and 13 agencies with the greatest variance (except for a nonbiased control group), 700 nonsupervisory positions were selected for desk audit.

CSC's December 1974 report disclosed a 16-percent error rate among these positions. Overgrading was the most serious problem identified; 28 percent of the positions in the Washington, D.C., area were overgraded as were 10 percent of those elsewhere. Overgrading was not uniformly distributed among the agencies--ranging from 34.8 to 3.8 percent (excluding four agencies where fewer than 16 positions were audited).

The major cause of overgrading was pressure exerted by agency managers. In the field, an equally important cause was the lack of classification expertise among agency personnel staffs. Although the error rate was not representative of all grades, all occupations, or all agencies, it was

higher than the error rate expected or previously uncovered. As a result, CSC planned to study other occupations using the same method of selection.

GAO desk audits

We reviewed classification practices at several Federal activities selected on such criteria as the size of the GS work force, cost-of-living index, reputed quality of classification practices, and susceptibility to vertical review from field to headquarters. Our review emphasized classification controls. To gain firsthand knowledge about the soundness of classification decisions, we desk-audited 101 positions selected because they involved the mission-related duties of the agency, appeared to be misgraded, seemed not to fit into the organizational structure, appeared similar to positions in other agencies, or looked excessive in number. Our selection process was largely judgmental, so the results could not be projected or considered representative of the activities as a whole. By auditing these positions, we found errors could occur and gained insight into the reliability of the activities' controls.

Of the 101 positions audited, 38 were in clerical occupations and 63 were in professional or administrative occupations. We considered 74 overgraded--33 clerical and 41 professional or administrative. We discussed our findings with officials at each activity. The Department of Labor's Manpower Administration (MA) Headquarters did not agree or disagree. The other agencies agreed that many positions we questioned were overgraded and promised corrective action.

We did not make desk audits at the Atlanta MA, because CSC was evaluating classification at that activity as part of a personnel management evaluation. Instead, we observed CSC's desk audits. Of 68 positions judgmentally selected, CSC found 58 overgraded, 1 undergraded, and 3 that needed series or title changes. The Department of Labor said it was working with CSC to implement corrections nationwide.

PRESSURE ON THE CLASSIFICATION SYSTEM

Many pressures are exerted on the classification system to overgrade positions. They come from within and outside the system.

Management attitudes

Maintaining the integrity of the classification system is management's direct responsibility. But some managers want to upgrade as a means of rewarding and recruiting

employees--the major resource for accomplishing Government programs. In view of the importance of classification and its dependence on management's attitude and support, we believe managers need to assume their roles more seriously and more responsibly.

CSC's special fiscal year 1974 study concluded that pressure by agency managers upon the classification system was the major cause of overgrading. Managers had (1) inflated or distorted position descriptions by certifying the accuracy of work assignments which were not being performed and (2) used their influence to modify or sway the classifiers' decisions in assigning grade levels. This management behavior was caused by efforts to reward employees for good performance, to recruit employees, and to align positions with organizational levels.

Also, several reports on CSC's regular evaluations of agencies' personnel management stated that some managers were unconcerned about proper position classification and economical organization structure; obtaining the highest grades for their employees in the shortest period of time was their primary interest.

Management pressures were also evident during our review. At one agency a personnel officer stated that the classification program was liberal because it was his policy to accommodate management. A classifier said that management pressure stifled the personnel office's ability to fulfill its statutory responsibilities.

At another agency, personnel officials and classifiers said they were frequently pressured to overgrade positions. But management officials disagreed. They said that managers and classifiers occasionally differed on the grade a position would support and that managers sometimes pressured classifiers to complete grading actions promptly.

Some managers focus on pay and the local job market when preparing position descriptions. If it is difficult to recruit or retain employees without increasing their pay, one manager said positions would be overstated and classified at higher grades. For instance, the high demand by Federal agencies for clerical workers in Washington, D.C., made it difficult to hire and retain them without increasing their pay, which was usually done by

overgrading the positions. Some managers and classifiers at two other agencies also said pay was a factor in classifying positions.

If higher private sector salaries cause recruitment or retention problems for Federal agencies, CSC, under the law, permits higher minimum salaries than provided by the General Schedule. This is a legal and more economical method of raising Federal pay to compete with higher private sector salaries: special pay rates may be used only as long as justified while employees may retain inflated grades indefinitely.

Reluctance to downgrade positions

When a number of positions are identified for downgrading, the agency may request CSC approval to delay downgrading the incumbents for up to 1 year while attempting to reassign or retrain them for other positions. If these attempts fail and the incumbents must be downgraded, those who have worked at the higher grade level for 2 years may be permitted to retain the higher pay for 2 more years. During that time the agency is supposed to make further attempts to reassign the employees to positions at their former grade levels.

Despite these provisions, agencies appear to be very reluctant to downgrade positions. In an article in "Public Personnel Management," January-February 1975, the former director of CSC's evaluation bureau described the reluctance this way:

"* * * the case findings of a survey team only begins what frequently turns into a long process of argument, counterargument, discussion, appeal, etc. Sometimes after a long back and forth process, the outcome is that the agency bypasses the decision by changing the job itself, which it always retains the authority to do."

Positions, which are known to be overgraded but which an agency does not intend to classify properly until the incumbent leaves, are commonly referred to as incumbency allocations. This practice violates law and regulations that require all positions to be properly classified on the basis of current duties and responsibilities. One classifier said he would label a position an incumbency allocation rather than attempt downgrading because he felt the personnel officer would not support it. Another classifier would never downgrade a position for fear of reprisal.

The Department of Housing and Urban Development (HUD) acknowledged having incumbency allocations. In January 1974, a HUD newsletter addressed the incumbency allocation problem as did several reports on joint CSC and HUD personnel management evaluations. HUD's incumbency allocations were caused by a policy directed by headquarters of not dismissing or downgrading anyone even though their duties and responsibilities changed during HUD's 1971-72 reorganization and by a practice in the field during the same period of assigning a position the highest grade of a multigraded standard position description whether justified or not. (See p. 17 for a discussion of standard position descriptions.) HUD's incumbency allocations have been integrated with other classification problems on which, HUD said, action was being taken to resolve.

Social and Rehabilitation Services (SRS) classifiers said that SRS had a number of incumbency allocations but that no records were maintained to show the actual number. Classifiers also said they were seldom consulted by management prior to reorganizations and this led to classifying positions on the basis of the organization chart rather than duties and responsibilities. In addition, there was an unofficial policy against downgrading overgraded positions but no system for monitoring those positions for later correction. Classifiers also said standard position descriptions had created incumbency positions. (See p. 17 for further discussion of standard position descriptions.) HEW said in its subsequent review several incumbency allocations were found and corrective actions ordered.

In Atlanta, Manpower Administration officials said a few incumbency allocations existed but were being corrected. Officials believed that incumbency allocations resulted almost entirely from a no dismissal, no downgrade policy ordered by the Department of Labor during recent reorganizations. Labor officials stated this was not current policy.

Other influences on classification

Unions, professional societies, and Congressmen want to insure that employees receive the grades and salaries to which they are entitled. Some professional societies give the impression that the profession's prestige depends on the grade levels set by CSC guidelines. Employees and their representatives try to influence agencies and the Congress to upgrade certain positions. Sometimes their efforts to upgrade one group or occupation adversely affects other employees whose representatives then exert pressure on their behalf. By the nature of the classification

system, the grades are balanced and interrelated among occupations. Upgrading the working level in one occupation leads to pressures to upgrade another occupation.

For example, the Bureau of Customs in 1970, reclassified about 600 GS-9 customs inspector positions to GS-11 after reassigning some duties considered to be worth GS-11. At least one union claimed it was instrumental in having the inspectors upgraded. Other GS-9 customs inspectors filed appeals claiming there were no differences among the positions. CSC then initiated a standards study to re-evaluate the occupation; two unions urged that GS-11 be established as the working level.

As a result, the union for immigration inspectors brought suit in the courts to upgrade their working level to GS-11. The Department of Agriculture officially complained about the customs inspector upgradings because a union, employees, and managers had protested that plant quarantine inspectors should be similarly graded. CSC--expecting pressure to upgrade import specialists, border patrol agents, investigators, and other kinds of Federal inspectors--estimated the initial salary increases alone could cost \$7.6 million in addition to increased costs for fringe benefits and earlier step increases.

Because of this and other mass upgradings, CSC established in 1970 a policy that agencies consult with CSC before making classification changes affecting more than 50 positions. In 1973 a more stringent policy was introduced which lowered the number to 20 positions.

AGENCIES NEED TO STRENGTHEN CLASSIFICATION PRACTICES AND CONTROLS

After agencies decide how their overall functions will be carried out and divided into portions that individual employees can perform, managers or classifiers record the work to be done by each employee. Classifiers then use these position descriptions to evaluate the jobs against appropriate standards and to assign series, titles, and grades. Since duties and responsibilities may change, either gradually and unintentionally or as the result of such planned management action as a reorganization, agencies should establish procedures to periodically review and update classifications. The agencies are required by law to review most positions annually.

We found that:

- The annual review of positions required by law to insure that positions are needed and classified correctly was not adequately performed at most activities.
- Procedures to insure that position descriptions were current and accurate were not always followed.
- Most agencies did not have effective programs to regularly evaluate their human resource management.

Whitten review not adequately performed

Section 1310(d) of the Supplemental Appropriation Act of 1952, as amended, (5 U.S.C. 3101, Note) commonly referred to as the Whitten amendment, requires each agency to annually

- review all positions created or placed in a higher basic pay level since September 1, 1950;
- abolish positions found to be unnecessary;
- insure that needed positions are classified properly, making any appropriate adjustments; and
- report the actions taken to the Appropriations and the Post Office and Civil Service Committees of the Senate and House of Representatives.

CSC regulations state that compliance with the Whitten amendment requires a periodic review of all positions by competent classification specialists to insure that positions are properly classified. Moreover, such reviews should include desk audits, since reviews of position descriptions without some desk audits do not generally provide sufficient first-hand knowledge on which to form sound classification determinations.

At six of the seven activities we examined, there was little or no compliance--the required annual reviews were often not performed or were conducted in a perfunctory manner.

At the time of our review in April 1974, HUD had submitted reports to the appropriate committees of the Congress for fiscal years 1970 and 1972 but not for 1971 and 1973. Subsequently a 1973 report was prepared. The reports omitted the certification that all positions were necessary and accurately classified. The director of personnel operations

for HUD Headquarters informed us that nothing had been done during the 18 months prior to March 1974 to comply with the Whitten amendment. A personnel specialist said that, although 1970 and 1972 certifications were made to the Congress, no special reviews or desk audits had been made. HUD said, however, that positions were reviewed prior to the 1971-72 reorganization. HUD did not have Department-wide procedures for making the annual review; operating offices were responsible for developing their own methods.

At the HUD Chicago regional office, little had been done before fiscal year 1973 to comply with the Whitten amendment because of major classification problems and changes resulting from reorganization. In 1973 regional managers were asked to review position descriptions with incumbents and submit to the regional personnel office revised or new descriptions along with a memorandum certifying that all other position descriptions were accurate. Formal responses were received from only 12 of the 25 organizational units, and no desk audits were made.

The Department of Health, Education, and Welfare's (HEW's) report to the Congress for fiscal year 1973 omitted the certification that all positions were necessary and accurately classified. SRS classifiers said that before fiscal year 1974 the Whitten review primarily involved reviewing position descriptions. There were few desk audits, and inaccurate descriptions were not corrected. A classification official in the San Francisco HEW office said the Whitten review was superficial; supervisors certified the accuracy of position descriptions without reviewing them and consequently the descriptions were rarely changed.

Recognizing that the Whitten review was not adequately performed, HEW in October 1973 issued instructions requiring supervisory reviews of position descriptions and desk audits by classifiers. For the fiscal year 1974 review at both SRS headquarters and the HEW San Francisco office, the classifiers originally planned desk audits of a sample of positions to comply with the instructions. But they were not able to audit all these positions by the end of the fiscal year because of manpower and time limitations. In August 1975 HEW said a thorough review was being conducted in SRS and the San Francisco region.

Labor's Whitten review procedures required supervisors to review position descriptions and classifiers to desk-audit 15 percent of the positions. Manpower Administration did not follow these procedures in fiscal year

1973 because of a reorganization and so notified the appropriate congressional committees in September 1973. Similarly, in 1974 no desk audits were made for the Whitten review, but an MA official said all descriptions were reviewed in connection with the reorganization. He planned to use that as the basis for reporting compliance with the Whitten amendment for 1974. In July 1975, a comprehensive review for fiscal year 1975 was underway.

In Atlanta the Defense Contract Administration Services Region (DCASR) had established adequate procedures--supervisory reviews of position descriptions and desk audits by classifiers--and reported compliance with these procedures and the Whitten amendment for fiscal year 1973. Available documentation partially, but not fully, supported compliance with the requirements. During our review, DCASR was fulfilling the requirements for fiscal year 1974.

Inadequate position descriptions

Although position descriptions document the basis for classifying positions, most activities we reviewed did not have adequate procedures to maintain accurate and current position descriptions.

For the 101 positions we desk-audited, nearly two-thirds of the descriptions did not adequately describe the incumbents' work, containing either duties not performed or significant inaccuracies. Classifiers and managers in all agencies reviewed agreed that many position descriptions did not adequately describe major duties and responsibilities.

That position descriptions were inaccurate and obsolete was the most frequent finding in the CSC classification evaluation reports we reviewed. In the special fiscal year 1974 classification study, CSC found that almost 40 percent of the overgraded positions had erroneous, significantly mistated position descriptions.

HUD did not review positions on a scheduled basis to update descriptions or check classifications. The director for personnel operations at HUD headquarters said such reviews were not necessary because HUD had reorganized so frequently in recent years that many positions had been newly classified or reclassified. Because HUD's Chicago regional office reviewed positions only upon request, only 9 of 1,981 positions were desk-audited from January 1973 through February 1974. In commenting on our report, HUD said scheduled position reviews would now be emphasized.

Department of Labor procedures required supervisors to review position descriptions during employees' annual performance appraisals, to determine whether the duties were accurately described, and to report the results to the personnel office. Such a review was not made at MA's headquarters but was made at its Atlanta office.

HEW classifiers indicated they generally relied on the annual Whitten review to identify position descriptions requiring change. But we found that the Whitten review had been done perfunctorily. (See p. 13.) DCASR also relied on Whitten review procedures, as well as normal processing of personnel actions, to update position descriptions.

Although positions are generally classified on the basis of duties being performed, sometimes a grade is based on projected duties. One example is a new position. Because it is sometimes difficult to evaluate duties that are not being performed, the position, when functioning, should be reviewed to determine if the duties are the same as anticipated.

HEW did not have a policy specifying when to review positions classified on a projected basis but considered its new Whitten review procedures a proper substitute. MA Atlanta and DCASR policies were to review such positions within 180 days after they were filled. MA headquarters did not desk-audit such positions in operation but indicated that it would in the future. A joint HUD and CSC evaluation of the HUD Chicago office in November 1973 found that many position descriptions developed on a projected basis during a previous reorganization were inadequate for classification purposes. The position descriptions did not describe such grade-determining factors as the principal duties, responsibilities, and supervisory relationships that CSC regulations required. The report also stated that identical position descriptions were used for positions at different grade levels.

According to CSC regulations, agencies should make sure that vacant positions are properly classified before they are filled. The agencies reviewed did not routinely interview supervisors to determine if the position descriptions were accurate or whether the jobs could be restructured at lower grades. Some of the agencies, however, had arbitrarily filled vacant positions at lower grades to reduce their grade averages.

In November 1974 CSC directed agencies to take various steps to overcome abuses in Federal personnel management.

One step expanded the supervisory certification on the position description that states it is a complete and accurate description of the duties and responsibilities of the position. For all new and changed positions after December 16, 1974, supervisors are required to certify that the position is necessary, that they are aware that the information is to be used for statutory purposes relating to appointments and to payment of public funds, and that false or misleading statements may violate pertinent statutes or regulations. CSC believes, and we agree, that this expanded certification should focus attention on the importance of accurate position descriptions and thus accurate classifications.

A standard position description is used to cover a number of nearly identical jobs. Standard position descriptions can help achieve uniform organizational structures at different locations, facilitating consistent regional implementation of agency programs. Since many positions are planned, described, and classified at one time, standard positions are also economical. But a standard description that is incorrectly classified or one that does not adequately describe duties multiplies the classification problems.

Many HEW San Francisco regional positions had standard position descriptions which were prepared and classified in Washington, D.C., normally without advice from the regions. If regional classifiers believed the duties and responsibilities in a standard description did not support the prescribed grade, they could recommend that the agency headquarters make a change. If the agency refused, the region's only recourse was to refer the problem to HEW's Office of Personnel and Training. Classifiers felt they could never obtain management's concurrence to convert such a position to a non-standard regional position covered by a single position description. As a result, there were four known overgraded positions covered by standard descriptions. HEW's subsequent review also showed that standard descriptions were a major problem. They were to be eliminated where practicable, and new procedures were established for clearing any considered necessary.

Standard position descriptions also contributed to classification problems in HUD. Headquarters prepared guides describing work in a range of grades. Although they were meant only as guidance, many HUD field offices used the benchmarks as standard descriptions and assigned to positions the highest grade in the range regardless of actual duties and responsibilities.

In cases where the rationale for the classification of a position was not evident, the agencies required evaluation

statements setting forth the basis for the decision. Generally, they were required if the position was above the full-performance level, the occupational series was not obvious, the occupation did not have its own classification standard, a new position was being graded for the first time, or the basis for the grade was otherwise not evident. Many positions we audited met the agency's criteria but did not have the required evaluation statements. For example, 14 positions in our sample at SRS required evaluation statements, but only one had been prepared. Since classifiers said they did not have time to prepare them, HEW began a study of staffing requirements.

Little emphasis given to position management

Organizations are dynamic, with changing missions, programs, and personnel. In such a fluid environment, agencies need to continually reevaluate their organizations to insure the most efficient and economical structure. By making regularly recurrent reviews of positions and the duties and responsibilities assigned, managers will avoid overstaffing, eliminate nonessential activities, and insure that human resources are used economically. For example, although five GS-6 claims examiners may actually perform work classifiable as 40 percent GS-6, 20 percent GS-5, 20 percent GS-4, and 20 percent GS-3, the most economical organization would be one GS-3, one GS-4, one GS-5 and two GS-6 positions. Both salary and training costs would be less.

Some agencies did not make regular periodic position management studies but did make such evaluations on an informal, ad-hoc basis. When studies were made, position classifiers often did not fully participate even though their experience in occupational analysis would have been invaluable.

For example, at the time of our review HUD did not have a formal program to systematically evaluate the organization and position structure. Formal studies were not made on a regular basis but only as needed. Since 1971 two such studies had been made at HUD headquarters. Position classifiers were not members of the review teams but were consulted when classification matters were considered. A HUD official told us that most organizational planning was done informally at regular meetings and conferences and was not documented. HUD also commented that many resources were committed to task force planning before major reorganizations.

Similarly, MA had not made formal position management studies on a scheduled or cyclical basis. In Atlanta no reports on any position management studies had been issued. At headquarters, three studies related to position management were documented during fiscal years 1972 through 1974. We were told some undocumented reorganization studies were also made. Although position classifiers were consulted, they should have been used more extensively, according to one official. In commenting on our report, the Department of Labor said the position management review deficiency would be corrected.

DCASR frequently made organizational studies--six in fiscal year 1974--but classifiers were limited to grading positions after an organization structure was developed. The acting deputy commander said that position classification was not considered in the initial stages of these studies because the first objective was to develop an organizational structure that could best do the job.

Regular internal personnel
management evaluations needed

Another method an agency can use to insure the best possible use of personnel resources is an internal personnel management evaluation (PME). Through reviews of actual personnel practices, management can insure that its policies are effectively carried out. In 1969, the President directed each agency to establish a system to review periodically the effectiveness of all personnel management functions, such as position classification, merit promotion, and equal employment opportunity. CSC appraised internal PME programs at 20 large departments and agencies and concluded that, as of June 1973, they were not yet fully effective. Smaller agencies' PME programs were even less advanced. Since then, CSC has devoted more resources to improving agencies' internal PME systems. (See p. 23.)

Within HEW, the Office of Personnel and Training is responsible for conducting, managing, and coordinating PMEs. Since personnel functions were decentralized in 1972, HEW's evaluation efforts had been concentrated in the regional offices. In 1975 it planned to evaluate each HEW agency's internal PME program.

At the time of our review, SRS had assigned one individual responsibility for PMEs, but none had been performed at headquarters, reportedly because HEW had not provided new guidelines for making PMEs and the personnel officer had not decided how to carry out this function. Since May 1972, when some classification authority was delegated

to the region, the HEW San Francisco office had made three PMEs. Additional PMEs scheduled for 1974 were canceled because the region lacked the staff to make the evaluations.

There had been no internal PMEs in MA before our review. The Department of Labor said an internal evaluation function became operational in fiscal year 1975, but MA was not reviewed because of its own effort to review classification.

At DCASR internal PMEs, which included position classification reviews, were made by survey teams from the headquarters personnel office. Defense Supply Agency procedures provided that position classification at field installations be reviewed every 2 years and that documentary reviews be made of positions at installations not covered by onsite review. The Defense Supply Agency had conducted a PME at the DCASR shortly before our review. The findings, reported after our review, included 53 questionable classifications for the DCASR's review. In commenting on our report, Defense said CSC reviewed the agency's PME program in 1974 and found the classification portion adequate.

HUD had assigned one staff member to plan and coordinate PMEs. From operating personnel staffs, he selected team members who participated with CSC in jointly evaluating HUD regional offices. During 1974 HUD initiated reviews of regional administration, which also included some personnel evaluation, but had no regular program for conducting PMEs of HUD headquarters.

CHAPTER 3

CSC ACTIVITIES TO MONITOR AND

STRENGTHEN CLASSIFICATION PRACTICES

The Classification Act requires CSC to (1) prepare occupational standards to guide agencies in classifying positions and (2) monitor agencies' classification practices, directing any necessary corrections. Both roles should contribute significantly to effective classification programs. Appropriate, up-to-date standards make it easier for agency classifiers to consistently determine proper classifications while CSC's monitoring provides the only independent check on the propriety of agency classifications.

There have been many problems with CSC's role, but CSC has taken initiatives to cope with the situation.

--Many standards are complex and out-of-date. CSC has established a plan to update standards and has developed and tested a new method of classification guidance.

--CSC's monitoring has not covered all agencies and its method of obtaining problem correction has had limitations. CSC has recently developed a new approach to identify classification problems and has emphasized the need for agencies to improve their PME systems.

It is too early to judge whether these initiatives will have a significant positive impact on agencies' practices. We believe, however, that the long-existing pressures on the classification system and the weak controls implemented by some agencies require CSC's continued emphasis on proper classification. The situation requires a firm stand on important issues regardless of agency officials' opposition. Management must be made aware of, and must assume responsibility for, good classification practices.

CLASSIFICATION GUIDANCE

For approximately 290 of the 430 occupational series, CSC prepared written classification standards which described the nature of the work and provided criteria for determining various grade levels. These standards covered about 85 percent of the GS positions. Other positions must be graded by using CSC standards for similar occupations or supplemental standards developed by the agencies.

Managers and classification specialists we interviewed criticized about two dozen standards. The most common complaints were questionable or inconsistent grade level distinctions, outdated treatment of the occupations, and poor writing and presentation of material in the standards. Our desk audits largely confirmed these views. Most of the standards consulted were usable in one way or another, but about six created real difficulties.

In the past, CSC prepared new or revised standards for occupations which agencies, CSC, or other interest groups identified as most in need of study. The standards projects lagged behind schedule and at times did not keep pace with occupational changes because occupational analysts had been reassigned to develop classification standards for blue-collar occupations and to work on a new system for classifying GS positions. According to CSC, about 90 standards had not been revised or updated in more than 10 years. In 1974 CSC developed a multi-year plan for reviewing classification standards which stated that updating the standards would require approximately 230 new or revised standards and 20 multiseried guides. The plan also stated that new occupational series would be defined and obsolete ones abolished.

A planning system adopted in fiscal year 1974 provided a more structured approach to screening and rating occupations needing attention. CSC, aided by agencies' input, identified problem areas which were weighted according to urgency and ranked in priority order. A current status report for all occupations was made a regular part of the system.

Initiatives

In 1969, a subcommittee of the House Committee on Post Office and Civil Service reported that CSC's standards were too complex, in many cases obsolete, and that many occupations were not covered by CSC standards. This led to legislation that resulted in a 2-year study of evaluation and pay systems. One recommendation of the study group was a new method of job evaluation.

In response, CSC revised and tested the grading system for all nonsupervisory positions in grades GS-1 through GS-15. In this system a position is analyzed in terms of nine factors common to all positions, point values are assigned to each factor according to the level of difficulty, and the total point values for all factors are converted to a GS grade. To determine the appropriate point values, classifiers can compare the job to

- position standards--examples of jobs common in the occupation,
- occupational standards--descriptions of the nine factors at each grade level in the occupation, and
- the primary standard--the basic description of the nine factors common to all positions in all occupations at all grade levels.

CSC, which was considering the desirability of converting to this new system, said it would be more understandable to employees, managers, and classifiers, as well as easier to apply.

MONITORING PERSONNEL MANAGEMENT

CSC has evaluated personnel management for many years. But the Federal personnel system is too vast for CSC alone to adequately cover it.

In an October 1969 memorandum, the President reemphasized the importance of CSC's function. In addition to strengthening CSC's role as the overseer of personnel management effectiveness, he called upon agency heads to strengthen an evaluation process that was to be carried out principally by the agencies themselves, in accordance with CSC standards. CSC was required to (1) set standards, (2) assess the adequacy of agency systems and order improvements, (3) research and develop improved methods for evaluating personnel management, and (4) maintain the capability to independently review agency personnel management effectiveness.

CSC appraised internal PME programs at 20 large departments and agencies and concluded that, as of June 1973, they were not yet fully effective. Consequently, CSC has devoted more resources to improving agencies' internal PME systems.

In our September 1974 report to CSC regarding its overall personnel management evaluation activities, we agreed that CSC should devote more effort to improving agency PME systems. We concluded that:

"The single most important thing that needs to be done in improving personnel management in the Federal Government is for each agency to establish and place in operation a PME system in accordance with Commission standards. Agencies have done little to develop acceptable PME systems since the President's memorandum and the Commission had spent relatively little effort until fiscal years 1973-74 to help the agencies improve their PME systems.

"Most of the Commission's effort in recent years has been placed on onsite evaluations of agencies' personnel management, a job too big for its staff and one that the agencies should do themselves. In these evaluations, the Commission has tried certain approaches that have not been successful * * *."

Classification evaluations

To fulfill its classification oversight responsibilities, CSC is authorized to

- review positions in each agency to determine whether they are classified properly,
- correct misclassified positions by certifying the appropriate class and grade, and
- revoke, suspend, or restore an agency's authority to classify positions when warranted.

During fiscal years 1969 through 1974, CSC issued about 3,900 evaluation reports on agencies' personnel management. About one-third of the reports included sections on position classification or position management and covered activities that had about 500,000 GS positions. A number of major Federal installations were not reviewed. For example, the Mare Island Naval Shipyard, California, with over 2,200 GS employees had never been reviewed. Kelly Air Force Base, Texas, with about 22,000 employees; Army Military District of Washington, D.C., with about 10,000 employees; and Bureau of Indian Affairs, Albuquerque, New Mexico, with about 6,000 employees were a few of the large installations where CSC had not reviewed classification during those 6 years. Since there is little possibility that CSC alone could give the vast Federal personnel system adequate coverage, CSC changed its planning process for 1975 to try to cover the most severe problems at installations most in need of review and decided to devote more resources to improving agencies' internal PME systems. Each regional office assessed the severity of known problems at each installation in its area and assigned review priorities using standard criteria. In addition, reviews were planned to evaluate agencies' internal PMEs.

Obtaining corrective action

Of about 200 evaluation reports we reviewed, about two-thirds indicated remedial action was needed. Agencies did not fully comply with the classification recommendations in more than half of these reports. In some cases, agencies

promised action; in some, agencies delayed compliance because of reorganization plans; and, in others, CSC records had no documentation showing agency action.

Although CSC said that problems were sometimes discussed informally and resolved, it had no assurance that action was taken or that action taken was adequate without written verification. In one such case, no one in the CSC regional office remembered the specifics of the evaluation or what actions the agency had taken. In another case, CSC personnel told us the agency had made the necessary changes; but, upon further inquiry, CSC found that corrective action had not been taken. At that point, CSC wrote a letter requesting immediate action. The agency responded that the changes were planned but did not provide the supporting data CSC had requested.

We reviewed 23 CSC reports on followup evaluations. Sixteen showed the same or similar classification problems as previously reported, and two others reflected worse problems. For example, an August 1971 report showed overgraded positions, a high ratio of technical to clerical employees, inadequate controls over detailing employees to other duties, and a "paper" classification program that did not include sufficient desk audits or written evaluations of borderline classifications. In October 1973 a followup report credited the activity with reducing the number of overgraded positions and correcting some inequities in its grade structure. But there were still serious work force imbalances with higher level employees doing lower grade clerical work. There was no evidence of an active classification program--classification reviews were perfunctory, desk audits were few, and position descriptions were obsolete and inaccurate. Some employees were misassigned and/or misgraded; some details were not controlled or documented; and 49 positions required some action by the agency.

CSC's tools to obtain classification compliance--the certification of individual positions and the revocation of an activity's classification authority--had been used infrequently. Certification is a legally binding CSC decision as to the appropriate class and grade of a position. Of the reports we reviewed, certification was used on eight occasions--twice from 1969 to 1973 but six times since then. This indicates that CSC is taking a firmer stance toward responsive agency action. CSC made classification recommendations in 22 of the 27 fiscal year 1974 reports we reviewed, obtained corrective action in 8, and was aggressively pursuing the others.

Identifying underlying causes

Although some reports dealt with underlying or basic causes of agency classification problems, most did not. One CSC regional official said that underlying causes were reported unless they involved incompetent agency personnel staff or agency pressures. His counterpart in another region said the failure to identify causes was a major shortcoming of CSC evaluations. After explaining that his staff did not have the time or expertise to determine all sources of problems, he said there was no guarantee that agency management would apply the needed cures even if the causes were reported.

Ultimately, to improve overall classification programs, the basic reasons for classification errors will have to be identified and corrected. To emphasize analysis of causes, CSC in 1974 provided most of its evaluators with a 5-day course on methods and procedures for identifying underlying causes of personnel problems.

Use of "review and report" in case listings

During fiscal years 1969 through 1974, CSC requested agencies to review about 5,000 positions again and report the results to CSC rather than directing the appropriate corrective actions. CSC had desk-audited 3,500 of these positions and had examined the other 1,500 by documentary review.

CSC personnel said that documentary reviews were usually not sufficient to direct a classification change. Some said that "review and report" instructions caused agencies to review other affected positions in addition to the ones in question. Others said positions were referred to agencies for their "review and report" when they were not obviously misclassified or when agencies disagreed with CSC's findings.

We believe the 3,500 desk audits represented a large investment of limited resources when no position on the appropriate classifications was established. CSC has now revised its evaluation guidelines to restrict the use of "review and report" actions to isolated cases where other positions may be affected.

New approach to classification evaluation

In 1974 CSC undertook a more sophisticated classification study to detect overgrading in GS-12 through GS-15 positions Government-wide. Using computer data on the 40 most populated

professional and administrative occupations, actual grade level distributions were compared to the normal grade distribution expected by CSC standards writers. From those 13 occupations and 13 agencies with the greatest variance, 700 positions were selected for desk audit. As shown on page 7, CSC found the incidence of misclassification more than previously envisioned and identified the major causes--pressure by agency management and lack of classification expertise. As a result, CSC (1) referred the improperly classified positions to the agencies for correction, (2) requested that four agencies undertake special classification studies, (3) issued a memorandum emphasizing position management and classification activities, and (4) planned to study other occupations using the same method of selection.

CHAPTER 4

CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

The GS payroll amounted to \$18 billion in 1974--about 600 percent more than in 1949 when the Classification Act was enacted. Some of the increase was attributable to the 50-percent increase in the average grade during the same period. Part of the grade increase was due to the Government's need for higher skills because of technological changes and more complex programs but another part resulted from overgrading. Overgraded positions have an adverse impact on costs, employee morale, and productivity.

Maintaining the integrity of the classification system is agency management's direct responsibility. But some managers' attitudes are not conducive to making the classification process work: managers have inflated position descriptions, pressured classifiers to overgrade positions and have been reluctant to downgrade overgraded positions. In addition, some agencies have failed to insure adequate controls over classification practices: inadequate procedures to maintain accurate and current job descriptions, ineffective programs to make periodic evaluations of human resource management (including position management studies and classification evaluations), and inadequate annual Whitten reviews required by law.

Although many GS positions are overgraded, the extent of overgrading is not known. Because of some agencies' weak controls and pressures exerted on classification, the problem warrants considerably more management attention.

Because many occupational standards were complex and out of date, CSC developed a multi-year plan to review and revise classification standards. CSC estimated that 230 new standards and 20 multiple-occupation guides were needed. Also, CSC developed and tested a new method of classification guidance that it says will be more understandable and easier to apply.

Evaluating agency personnel management has been CSC's principal means of establishing and controlling Federal personnel policy, including classification practices. Over the 6-year period covered by our review, CSC did not evaluate classification practices at some large activities although others were evaluated twice without measurable improvement. Even though two-fifths of the GS positions were considered covered, only 3 percent were evaluated in depth (desk-audited). We agree with CSC's plans to devote more of its efforts to improving agency PME systems. The Federal personnel system is so vast there is little possibility that CSC alone can give the system adequate coverage without an effective PME system in each agency.

Many CSC evaluations did not deal with underlying causes of agency misclassification, and CSC often did not take firm stands on its findings nor have an adequate means to insure that agencies took appropriate corrective actions. CSC has begun to stress identification of underlying causes and to take firmer stances through more aggressive followup and more frequent use of its authorities to certify individual positions and to withdraw agency classification authorities. CSC does not agree with this characterization of its posture, stating that it has consistently taken appropriately firm, but not unreasonable, stands.

The approach used in CSC's special classification study seems to be an improved means to identify and analyze classification problems. CSC plans to study other occupations using the same method of selection.

Management support needed

It is too early to judge whether CSC's initiatives will have a significant positive impact on agencies' classification practices. Because of the long-existing pressures on the classification system and some agencies' weak controls, we are not sanguine that there will be an imminent change in classification behavior. People are people. Some may remain unaware of the legal requirements. Some will consciously flout the law, balancing the risk of discovery against the grade gains. Some will rationalize their actions on the grounds that higher grades will enhance mission accomplishments. Others will fragment duties to stay within the law but not within the spirit of the law.

Strong, emphatic Presidential support is needed to influence the two-decade trend in management behavior. Then CSC must stand firm on important issues to make agency managers aware of and assume responsibility for good classification practices. Without management's support, all the controls and reviews that can be devised will not insure a sound position classification program. Agencies must be receptive to efficient management of human resources, stressing efficiency as a compatible and integral part of cost-effective mission accomplishment. This requires a commitment on the part of top management to insure that the agency's work is economically organized and classified correctly. This attitude must permeate from top management through all echelons of the agency.

At the activities we examined there was generally little or no compliance with the Whitten amendment. This is an emergency law which lapses after the emergency is over. Our draft report recommended that CSC, if it needed supplemental assistance to upgrade agencies' classification practices, consider requesting stronger permanent legislation

which would (1) provide for annual certifications and require agencies to submit them to CSC, (2) give CSC responsibility for specifying appropriate review procedures and for monitoring compliance, and (3) require CSC to report to the appropriate congressional committees details on agencies' compliance. In August 1975, CSC completed a study of the annual review requirement and concluded that it could be eliminated because of other measures being taken to insure sound position management.

RECOMMENDATIONS

We recommend that the Director, Office of Management and Budget, and the Chairman, Civil Service Commission, request the President of the United States to issue a directive to the heads of Federal agencies, emphasizing the importance of position management and classification and the need to develop at all management levels a special, informed interest in economically structuring work and properly classifying positions. Agency heads should be required to

- establish adequate, effective position management and classification systems,
- have managers periodically attend training programs on position management and classification,
- evaluate managers on how well they carry out their classification responsibilities, and
- provide adequate numbers of trained classifiers.

To achieve classification objectives, we recommend that the Chairman, CSC:

- Keep pressure on agencies to establish their own PME systems, assess the adequacy of such systems, and require improvement where necessary.
- Monitor the effectiveness of actions being taken to improve CSC's own evaluations of agencies' classifications. Effective evaluations should include identifying overgrading, determining the underlying causes of classification errors, taking firm stands on issues, making prompt followup on agency corrective actions, and, when necessary, certifying positions or revoking classification authority.
- Implement the plan to update classification standards and follow it with a timely and well-controlled review cycle to insure that standards are kept current.

AGENCY COMMENTS

While CSC, OMB, and the Defense Supply Agency agree that improvements are needed, they fear the overgrading statistics presented in this report will erroneously be projected for all GS employees. As OMB stated, there is no question that overgrading exists. But because CSC has not applied systematic random sampling, no one knows the extent of the problem.

CSC and OMB agreed to develop a Presidential directive emphasizing effective position management and classification systems and adequate numbers of competent classifiers. Although our two points concerning managers could be considered inherent in an effective position management and classification system, they should not be overlooked. As CSC stated, a principal cause of classification error related to supervisors understanding, and appreciating their responsibilities for, classification.

CSC also agreed with the other recommendations above.

MATTER FOR CONSIDERATION BY THE CONGRESS

The Whitten review requirement, when first enacted, reflected a congressional need for annual assurance that agencies' positions were essential and properly classified. CSC has recommended that this requirement not be reenacted when the emergency law lapses. The information in this report should be of assistance to the Congress in evaluating CSC's recommendation.

CHAPTER 5

SCOPE OF REVIEW

At CSC in Washington, D.C., and its regional offices in Atlanta, Chicago, and San Francisco, we examined CSC's process for developing classification standards and evaluated its policies, procedures, and practices in making PMEs, concentrating on evaluations involving position classification.

We also reviewed the administration of position classification at HEW's Social and Rehabilitation Services, Washington, and the HEW San Francisco regional office; Labor's Manpower Administration, Washington, and Labor's Atlanta regional office; HUD, Washington, and the HUD Chicago regional office; and the Defense Supply Agency's DCASR, Atlanta. We examined pertinent policies and regulations, interviewed management and personnel officials, and desk-audited about 100 positions. Our review was made primarily from January through June 1974.

On September 17, 1974, we issued a report, "Agencies' Personnel Management Can Be Enhanced by Improving the Evaluation Process" (B-179810), that highlighted past weaknesses in CSC's overall evaluation procedures and its actions to improve them. Although we concluded that many of the same weaknesses applied to CSC's oversight of position classification in the past, we tried to avoid duplicating them in this report. GAO's prior report also emphasized the need for internal PME programs in the agencies as alternative monitoring systems.

Our review did not encompass the structure of the classification system. Therefore, we did not analyze whether more accurate classifications would result by changing such things as the number of GS grades, the method of administering pay, or the delegated authorities for classification.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

August 27, 1975

Mr. Clifford I. Gould
Associate Director
Federal Personnel and
Compensation Division
U.S. General Accounting Office
Washington, D. C. 20548

Dear Mr. Gould:

We have read your report on Federal white-collar classification with great interest. The OMB has long been--and continues to be--concerned with problems involving position management and classification. Thus, we welcome GAO's latest study in this area as we think it will be very helpful in the efforts we and the Civil Service Commission are making to curtail overgrading.

While we are in general agreement with the draft recommendations, there are aspects of the report that trouble us. These stem from our expectation that the report will have considerable significance in the continuing effort to deal with such problems and that it is likely to be widely quoted. More specifically, our concern is that it may be misunderstood and misquoted. To help avoid what we regard as the very real danger of misleading sensationalizing by those less familiar with the subject, we have a couple of recommendations to offer.

Our first suggestion is that a greater effort be made to put the report findings into an overall perspective. Illustratively, on page 5, the report graphically portrays changes in grade distribution of the total General Schedule workforce between 1949 and 1974. In our interpretation, the changes portrayed do not suggest a simple grade creep. If that were the major factor present, one might expect a more pronounced and orderly progression of the greatest concentrations from one grade to the next higher couple of grades. Rather, we find a significant drop in the number of 2's and 3's, and significant increase in the 11-14 levels. As the report briefly states, these changes mainly reflect the vast changes in the composition of the white-collar workforce. We

believe that these enormous changes are a major phenomenon of the years measured and that more space could well be devoted to emphasizing the significance of this evolution from a Federal workforce that is largely clerical to one that is heavily technical and professional in nature. In this perspective, much of the grade change that has occurred is a justifiable reflection of the work changes involved.

Our other recommendation deals with the acknowledged fact that the findings of both GAO's study and the Civil Service Commission reviews described are based primarily on limited and/or error-seeking sampling. Although the draft report more than once states that the results of such sampling cannot be projected, we fear that the overgrading statistics cited will be projected nevertheless for the more than 1.3 million GS employees, creating a picture of large-scale salary overpayment throughout the Federal Government. There is no question that overgrading exists, but not necessarily to the same extent in all agencies or occupations. Therefore, we would urge that the digest and introduction, especially, as well as the general text, include strong caveats against projections, clearly explaining why such projections cannot and should not be made.

With respect to your recommendation that OMB request the President to issue a directive to heads of agencies emphasizing the importance of position management and classification, we agree that such a statement should have a beneficial impact. We will be pleased to work with the CSC in drafting and recommending a directive for the President's consideration.

Again, we appreciate the opportunity to comment on this report. I assure you that OMB shares your interest in improving position management and classification in the Federal Service, and we simply want to increase the value of your excellent report and to guard against the possibility of misleading interpretations.

Sincerely,



Edward F. Preston
Assistant Director

GAO note: Page number reference in this appendix may not correspond to page of this final report.



UNITED STATES CIVIL SERVICE COMMISSION

IN REPLY PLEASE REFER TO

WASHINGTON, D.C. 20415

YOUR REFERENCE

SEP 24 1975

Mr. H. L. Krieger
Director, Federal Personnel
and Compensation Division
General Accounting Office
Washington, D. C. 20548

Dear Mr. Krieger:

I have been asked by the Chairman to respond to your request for the views of the Civil Service Commission on your report entitled "Federal White Collar Classification Should Be Better Controlled." With one exception, there is agreement with the recommendations contained in the report. However, there are several aspects of your conclusions which we believe need modification.

[See GAO note 2 on p. 42.]

It is recognized that the manpower requirement to undertake a comprehensive study of this subject would be massive and your auditors labored under a handicap of limited resources. Nevertheless, some very real problems with maintenance of the present classification system, particularly at the agency level, are well documented. The report does indicate that there is sufficient evidence available to require immediate high level involvement to provide some means of preventing erosion of the effectiveness of the classification system. The Commission has recognized that improvements are required and, as the report describes, has numerous initiatives underway toward this end.

The report has many positive aspects and will, we believe, be beneficial to our continuing efforts to improve the classification system.

[See GAO note 2 on p. 42.]

The graph depicting

the average grade level in the Federal Service is found on page 4. This chart shows that while the average grade in the Federal Service may have gone from 5.25 to 7.87 during the last 26 years, it has remained relatively constant over the last five years. This in itself could be sufficient mitigating evidence to soften the impact of the audit findings, but more importantly, it is the character of support information that limits the ability to project findings on a Government-wide basis.

We have reviewed carefully the primary sources of information relied upon in assessing classification accuracy in the white collar sector:

- CSC GS-12/15 Classification Study,
- 101 classification audits performed by GAO staff,
- CSC evaluation work from FY 69 thru FY 74.

Both the GS-12/15 Study and your audits are too limited in scope to make an inference about classification accuracy throughout the GS pay system. The GS-12/15 Study sampled only one percent of 70,000 positions in thirteen occupations. While the results of this work may reflect conditions in selected agencies, grade levels, and occupations, the study results cannot be generalized as applicable to all GS positions. GAO staff members recognized this concept, but their use of the CSC report material suggests much broader applicability, which may lead to inappropriate conclusions by a reader unfamiliar with this work.

[See GAO note 2 on p. 42.]

At a minimum, there should be more specific language calling attention to the limitations of the sample and the danger of characterizing the results as representative of positions in the Federal Service.

An additional concern is the treatment of CSC audit results documented in the evaluation reports. We cannot agree that the findings and conclusions documented in our evaluation reports covering the last five fiscal years support the conclusion that there is serious overgrading in the GS classification system. These reports identify both individual case errors and programmatic defects in the administration of the classification program at Federal installations. The extent of classification problems varies from installation to installation and from agency to agency. The number of positions we find with classification errors of some kind on the average approximates 4% of the total number of positions that are within the universe of potential review at the installations we visit each year. This does not mean that our evaluation process finds a 4% error rate; however, as our methodology does not involve statistical sampling techniques, one is not able to generalize from our survey results that there is a specific percentage error rate Government-wide.

[See GAO note 2 on p. 42.]

Additionally, we have a more basic concern with your findings of overgrading. As you are well aware, under Title 5, the Commission has the authority for determining the proper classification of positions in the Federal Service. Since no detailed information was furnished with your draft report, we do not know the identity of the 101 positions that were "desk audited," nor do we know the basis for concluding that 74 of those positions were overgraded. Given our legal responsibilities in this matter, we are obliged to request that you provide us with all pertinent information relating to these audits, so that we can bring about whatever corrective action we may find to be appropriate upon our review of the matter.

Accordingly, please furnish our Bureau of Personnel Management Evaluation with a list of the positions audited, together with copies of the position description, working papers, audit notes, and evaluation statements prepared for those 74 positions your report characterized as being overgraded. When we receive such information, we will initiate appropriate follow-up action with the agencies concerned to see that necessary corrective action is taken.

Notwithstanding the above, we fully support the first two specific recommendations in the report as positive actions that should contribute to improve position management and classification. When combined with the effort already underway in the Commission in this area, they increase the likelihood of substantive improvements in operation of the classification system. Our comments on your recommendations were developed with this thought in mind.

Presidential Message

We agree with the recommendation that the President should issue a directive to heads of Federal agencies emphasizing the importance of position classification and the need to develop at all management levels an interest in economically structuring work. We suggest a change in emphasis, however, from that described in the report. Our own experience and the findings in the report tend to show that there are three principal causes for classification error.

- (a) Agency administration of position classification programs is sometimes inadequate, in that they don't provide for sufficient regular and systematic review to assure accurate position classification.
- (b) Supervisors in some situations do not understand the essentials of position classification, nor do they always appreciate their responsibilities for assuring that current and accurate position descriptions exist as a basis for proper classification.
- (c) Position classifiers sometimes do not classify jobs in accordance with published standards because they may lack knowledge or skill in classification and the proper application of standards, or they may be susceptible to management pressures artificially to inflate position descriptions and thus overgrade positions.

With this in mind we believe that a Presidential memorandum should stress two important points: (1) the need for agencies to establish and maintain internal position management and classification systems that can be administered effectively both to assure accurate grading and efficient structure; and (2) the need for adequate numbers of competent professional staffs to assist agency managers in carrying out an effective program and to ensure compliance with statutory requirements.

Inherent in the first point is the critical importance of agency heads assessing in advance the impact of proposed organizations (and reorganizations) on agency position management and classification before such decisions are final. Reference to this concept is contained in OMB

Circular A-64 (revised), but current management interest and concern need to be strengthened and the importance of position classification and position management interaction needs renewed emphasis. Options for economical organization and position structure to achieve optimum productivity and effectiveness, together with classification advice on the grade levels that result from alternative organizational structures, are equally necessary for decision making by management. These relationships are implied throughout the draft report, and made explicit on pages 22 through 24 in the discussion of position management. We believe they deserve reemphasis, together with stress on the importance of a systematically administered process of internal review to assure classification accuracy.

The second point stresses the need for an adequate number of well-trained professional staff of competent classifiers to provide agencies with the technical capacity and expertise needed to serve management and comply with the law. Effective position classification and position management programs require adequate staff resources capable of: (a) providing continuing advice and orientation of managers at all levels as to their responsibilities in position classification and position management; (b) accomplishing periodic reviews of positions to verify need, validate the currency of the position descriptions, and to assure accuracy of classification; and (c) advising on reorganizations, from initial planning stages through implementation.

Agencies must recognize their responsibility to recruit and train adequate classification staff to meet this requirement. Agency failures to satisfy maintenance review requirements are in many cases due to a lack of adequately trained classifiers to do the job. This is a major cause of perfunctory annual reviews and misclassifications in general.

Civil Service Commission Initiatives

We take exception [See GAO note 2 on p. 42.]

to the notion that we are taking "firmer stands" than before. Our concerted effort to improve agency evaluation systems has been underway for five years, and it is clearly bringing about improvement in agency efforts and systems. Further, we don't feel it is fair to characterize CSC currently as "taking firmer stands on issues"; our posture has always been to take appropriately firm stands where they are necessary. We have consistently tried not to take unreasonable stands on any issues, and we have not resorted to certification as an enforcement method when such action has not been appropriate or necessary to obtain the requested agency action. In recent years we have taken additional steps to strengthen our follow-up efforts, in order to effect closure on classification matters in dispute on a more timely basis.

We appreciate GAO having noted the initiatives we have taken to strengthen the classification system -- for example, by improving CSC's classification standards program, attempting to upgrade agency evaluation work in classification and position management, and strengthening the Commission's evaluation efforts to better identify classification problems and to determine the underlying causes of errors. An additional improvement effort has been in process for some time, however, that was not mentioned in your report: CSC's initiatives to effect cost reduction in personnel management. On February 7, 1975, the Chairman issued a Memorandum to all Department and Agency Heads, setting forth the President's concerns, outlining the Commission's plans in this regard, and calling upon them to undertake similar initiatives. A major focus of concern in that communication was position management and classification.

[See GAO note 2 on p. 42.]

Legislative Initiatives

Regarding the proposal that the Chairman of the Commission undertake a study of the desirability of retaining the Whitten Amendment, such a study has already been completed. In response to an inquiry during the last Congress from the Senate Special Committee on Termination of the National Emergency, the Commission recommended that the Whitten Amendment be permitted to expire and not be replaced with new legislation since the President and the Commission have adequate authority to accomplish the Amendment's intent. This recommendation was confirmed by an in-depth study of the Amendment completed in August by the Commission at the request of Chairman Gale W. McGee of the Senate Committee on Post Office and Civil Service.

The Commission agrees that the annual reviews of positions required by the Whitten Amendment can be eliminated in view of other measures being taken to insure sound position management. This review requirement, when first enacted, reflected a Congressional need for annual assurance from department and agencies that positions were essential and properly classified. Although the Commission, in its recommendation to the Special Committee and its report to Chairman McGee, recommended that this requirement not be reenacted, it is really up to Congress to decide whether to continue some procedure for obtaining this annual assurance.

The Commission disagrees, however, that there is a need for strengthening the law with respect to Commission responsibility in this area. We think we have all the authority we need in Title 5 to review agencies' classification actions and administration of their classification and position-management programs, as well as to monitor compliance with legal and regulatory requirements.

Other Matters

Finally, there are several areas in the report where time has overtaken described events. References are also made to procedures that are cited as proposed when, in fact, they have already been implemented. In other areas, there are citations of regulatory provisions which require some modifications for accuracy. The following comments are offered to call your attention to these other matters in the report.

- i. On page 9 and page 35, reference is made to proposed CSC action as a result of our GS-12/15 Classification Study. Action has been taken as follows:

First, individual positions determined to be improperly classified have been referred to the agency for correction. In many instances, this has resulted in changes in title, series, or grade. In some instances, the agency disagreed with our findings and has submitted additional information; these cases are in various stages of resolution. As a follow-up activity, the Commission requested four Departments -- Army, Navy, Air Force, and Department of Transportation -- to undertake special classification studies for occupations that seemed to have a high potential for error, based on the results of our study. They are scheduled to report their findings early in FY 76.

Second, as indicated earlier, the Commission Chairman issued a Memorandum for "Heads of Department and Agencies" on February 7, 1975, which emphasized the need for effecting cost reductions in personnel management. A primary area of emphasis in this correspondence was on activities to be undertaken by the Commission and agencies in position management and classification. The currency and accuracy of position descriptions and the effectiveness of systems to ensure adequate program maintenance and control were major areas of emphasis here.

Third, further use is contemplated of the new methodology developed by the Commission to be utilized in the GS-12/15 Classification Study. These techniques are being analyzed for applicability to additional GS-12/15 studies of occupational categories that may present special classification problems. Certain agencies have also adopted these methods for use in their own internal evaluation programs dealing with classification and position management.

[See GAO note 2 on p. 42.]

5. On page 13, the term "incumbency allocation" is defined as, "positions which are known to be overgraded, but which an agency does not intend to classify properly until the incumbent leaves." Such a definition of incumbency allocations is as improper as the practice it describes, and whenever we find such a situation we direct that it be corrected. A true incumbency allocation does not result in overgrading; rather, it reflects the unique impact of the incumbent on the position such that the duties are performed at a higher level and therefore warrant a higher grade during the tenure of the incumbent.

BEST DOCUMENT AVAILABLE

[See GAO note 2 on p. 42.]

Our comments have been directed to the improvement of a report

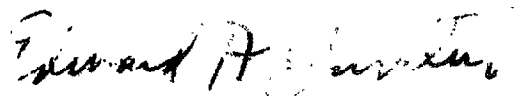
[See GAO note 2 on p. 42.]

Such changes as we have suggested, we believe, would give the report a more balanced perspective and could prevent unwarranted and unfortunate publicizing of erroneous conclusions

[See GAO note 2 on p. 42.]

If modified in accordance with our comments, we feel the proposed report could have a salutary impact, both upon improvement efforts currently underway and upon public understanding of a very complex aspect of public personnel administration.

Sincerely yours,



Raymond Jacobson
Executive Director

Enclosure

- GAO notes 1: Page number references in this appendix may not correspond to pages of this final report.
- 2: Deleted comments related to matters present in the draft report which have been revised in the final report.



DEPARTMENT OF HEALTH, EDUCATION AND WELFARE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20201

AUG 7 1975

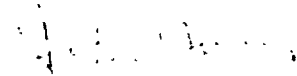
Mr. Gregory J. Ahart, Director
Manpower and Welfare Division
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Ahart:

The Secretary has asked that I respond to your draft report to the Congress of the United States, titled "Federal White-Collar Classification Should Be Better Controlled." Our comments are enclosed.

Thank you for the opportunity to comment on this report.

Sincerely yours,


John D. Young
Assistant Secretary,
Comptroller

Enclosure

Department of Health, Education, and Welfare

Comments on

GAO Report: Federal White-Collar Classification Should Be Better Controlled

The following are our comments concerning GAO's findings within this Department:

1. Position Classification errors within the Social and Rehabilitation Service (SRS), and the DHEW San Francisco Region:

a. In its study of DHEW, GAO found a substantial number of position classification errors in SRS and in the San Francisco Regional Office. During FY 75 the Departmental Office of Personnel and Training (OPT) conducted personnel management evaluations of both entities. These evaluations showed that many of the GAO findings had substance. For instance, of the sample audited in SRS, an unwarranted number of positions were either misclassified or the employees were misassigned (i.e., not working in their organization of record). However, in the San Francisco Regional Office, the situation was not as serious. Forty-five positions were either audited or reviewed; 21 of those positions were "standard position descriptions" (SPD). Of these SPDs, a substantial number was in error. Therefore, a major problem in the Regions is the inaccuracy of SPDs.

b. Standard Position Descriptions are written and established by DHEW agencies for use by line supervisors and servicing personnel offices. However, all too often SPDs do not reflect the actual situation, and are regarded by line supervisors as a mandate by their superiors. This latter view has caused many problems for servicing personnel offices. In recognition of deficiencies resultant from SPD, the Under Secretary, DHEW, ordered the elimination of SPD's wherever practicable. Additionally, the Deputy Assistant Secretary for Personnel and Training installed new procedures in April 1974 for the establishment and clearance of those SPD's which were considered necessary. These procedures are designed to preclude the establishment of SPDs which do not reflect actual work situations. Consistent with the Under Secretary's wishes, the Social and Rehabilitation Service and the Office of Education (in October 1974) eliminated virtually all their SPDs. Currently, DHEW Regional Offices are in the process of reviewing those former SPDs for accuracy and appropriate classification.

2. Incumbency Positions: The GAO found a number of incumbency alloca-

3. Annual Review of Positions:

a. In recognition that the annual review of positions was not adequately performed in DHEW, OPT in October 1973 issued new instructions (Personnel Instruction 511-3, "Position Classification Review") concerning the conduct of this review (also known as the Whitten Review). This Instruction is now in the process of being revised to correct deficiencies found. The revised Instruction (final issuance pending) requires a classification review of all positions under a servicing personnel office's authority with a minimum requirement that at least 30 percent of the occupied positions be audited. Additionally, agency heads are required to certify annually that all positions under their jurisdiction were reviewed during the fiscal year and that the necessary classification adjustments were made.

b. Though Whitten Reviews may have been perfunctory in the past, a 100% review of positions in SRS is currently being conducted. This is a direct result of an OPT personnel management evaluation conducted in September-October 1974. Additionally, SRS allocations at grade GS-13 and above are receiving further review by OPT prior to finalization.

c. The San Francisco Regional Personnel Office has advised us that it is conducting what it hopes to be a thorough review of its component agencies this fiscal year. However, San Francisco doubts that it can complete an in depth study of the Regional Social Security functions this year because of SSA's massive size and the lack of an adequate classification staff. San Francisco currently has only six Classification Specialists on-board to service 8000 employees distributed over a four-state area (California, Arizona, Nevada, and Hawaii) and American territories in the Pacific. With regard to the question of adequate classification staff, OPT is studying this situation (see paragraph 5b below).

4. Positions Written on a Projected Basis: Although DHEW does not have a specific written policy concerning positions classified on a projected basis per se, Personnel Instruction 511-6 ("Position Descriptions and Evaluation Statements") dated January 1974 requires that all position descriptions meet the Commission's "Standards of Adequacy." This, coupled with the revised Position Classification Review Instruction (511-3), provides a mechanism for the proper allocation and review of projected positions on a regular basis.

5. Evaluation Statements:

a. The GAO found many instances in which evaluation statements supporting the classification of positions were not written. Classifiers, especially in SRS, informed GAO that they did not have time to prepare evaluation statements.

b. DHEW Personnel Instruction 511-6 (January 1974) provides seven circumstances under which evaluation statements are required. These are: (1) Positions not directly covered by a specific standard; (2) positions defined as standard position descriptions; (3) projected positions; (4) research positions; (5) controversial or "borderline" cases, where the classification is not evident; (6) positions which are evaluated by reference to factor, degree, or point rating standards; and (7) positions which are forwarded to higher authority for classification review or approval. These instructions are quite clear, though they may not have existed during a portion of the GAO study. The GAO, however, has been furnished a copy of these Instructions. In regard to available time for classifiers to prepare evaluation reports and to properly accomplish the classification program, OPT is presently constructively studying the staffing ratio and composition of the Department's servicing personnel offices in order to arrive at adequate and rational criteria for the staffing and the structural organization of these personnel offices.

c. One of the problems in the past appears to have been an over-emphasis on a "generalist" concept by servicing personnel offices. Though this concept appears good on the surface, it does not take cognizance of the many time consuming facets of a personnel operation, e.g., position classification, employee disciplinary and relations problems, staffing, etc. The concentration of all facets in a single person does not leave the "generalist" sufficient time to perform adequately in all facets, and leads to a concentration in those areas which the personnel "generalist" likes best or where management demands or needs are greatest, e.g., the filling of vacancies. With the currently available staffing ratios such "generalists" rarely have time to perform a complete job. For the interim, we are concentrating our efforts in developing specialists. However, it must be remembered that a total specialist program often causes various facets of a personnel program to work at cross purposes with one another. An over-emphasis on a specialist program may also have an adverse impact on employee motivation by not providing enough variety. A specialist program also does not fully provide an organization with sufficient personnel who are skilled in broad areas, so that the organization can fill positions which require skills and talents in more than one function, e.g., Personnel Officer positions, or the smaller personnel offices where a "generalist" concept is more applicable because of size.

6. Personnel Management Self-Evaluation in SRS: DHEW Instructions 273-1 and 273-2 outline the Department's policy, objectives and goals in personnel management evaluation. These instructions also assign responsibilities to agency headquarters staff offices and operating personnel offices for carrying out evaluation functions. Each agency and operating personnel office has had available, a handbook which provided them with guidance on establishing and carrying out a self-evaluation effort. Apparently, the Personnel Officer when at SRS was using the excuse that the handbook was in the process of revision to justify his lack of action in the area of evaluation.

7. Other: In addition to the above, the Department has taken further steps to strengthen its position classification program. In May 1975, OPT conducted a ten day position classification course (the first conducted by this Department). The course was designed to (a) provide an understanding of the authorities and responsibilities for position classification and management; (b) provide knowledge of laws, rules, and regulations that govern classification processes, responsibilities, and requirements; (c) provide an understanding of the tools and processes involved in carrying out classification responsibilities; and (d) provide the student with experience in the classification processes through guided workshops. This course will be conducted on a continual basis. As an adjunct to the course and relative to our study concerning the appropriate staffing of our servicing personnel offices, OPT on June 16, 1975, conducted a survey (throughout the Department) of employees engaged in position classification. Responses to our survey are being received. We hope that this survey will provide a better indication of the types of training needed, and also of the position classification capability of the Department. It should represent baseline data upon which future management decisions may be made in relation to the Department's position classification and position management program.

U.S. DEPARTMENT OF LABOR
OFFICE OF THE ASSISTANT SECRETARY
WASHINGTON

JUL 31 1975

Mr. Gregory J. Ahart
Director
Manpower and Welfare Division
U. S. General Accounting Office
Washington, D. C. 20548

Dear Mr. Ahart:

Your letter of June 27, 1975, to Secretary Dunlop requested comments on the General Accounting Office findings relating to position classification in the Manpower Administration (MA) Regional Office in Atlanta and Manpower Administration Headquarters. The following information is responsive to your request.

Reference page 10. The report states that the Civil Service Commission's (CSC) personnel management evaluation of the MA Regional Office in Atlanta identified 59 of 67 positions desk audited as being overgraded. Since that evaluation by the CSC, the Manpower Administration has effected a functional realignment within the regional offices to reflect the changes in functions and responsibilities resulting from new legislation such as the Comprehensive Employment and Training Act and amendments to the Trade Act. In addition, the classification standards for the Manpower Development series, which were issued by the CSC on March 20, 1975, affects directly and indirectly the majority of positions in the Manpower Administration.

The Department and the Manpower Administration have been working closely with the Civil Service Commission in the development and implementation of a national corrective action plan. As part of this plan, 29 key regional office positions were submitted to the Civil Service Commission for classification determination. On July 11, 1975, the CSC provided classification decisions on all but three of the key jobs. Appropriate implementation will be accomplished nationwide in full coordination and cooperation with the CSC.

Because of the joint effort, the CSC agreed to postpone evaluations of Manpower Administration in the regions until the classification surveys by the Assistant Regional Director for Administration and Management have been completed. A follow-up evaluation in Atlanta Manpower Administration will be conducted in November 1975. We are confident that the evaluation will reveal a sound grade structure and effective position management.

Reference page 14. The report indicates that a few incumbency allocations existed in Atlanta, Manpower Administration but that they were being corrected. The report correctly states that the Department of Labor does not have a no dismissal, no downgrade policy. The Departmental policy prohibiting "administrative" or "incumbency" allocations is reflected in paragraph 7a of the enclosed Secretary's Order No. 2-75, dated March 17, 1975.

Reference page 18. The report states that Departmental procedures for complying with the Whitten Amendment require supervisors to review position descriptions and classifiers to desk audit a minimum of 15 percent of the positions. In the surveys being conducted in all Manpower Administration regional offices, classifiers of the Regional Administration and Management Offices will accomplish audits of positions that far exceed the Department's minimum requirement. In the Manpower Administration National Office a comprehensive position management, classification review is underway. The plan for the review was approved, and is being monitored by the CSC. Upon completion of the survey in the 4th Quarter 1975, the CSC plans to conduct an on-site classification audit of approximately three percent of the Manpower positions as a quality control measure.

These activities will assure the Manpower Administration of a sound classification structure and will also assure full compliance with the Whitten Amendment requirements.

Reference page 20. The report states that Manpower Administration Headquarters did not desk audit positions classified on a projected basis. The report states that it is Manpower Administration policy to review such positions within 180 days after they are filled. This is also Departmental policy. In view of the major effort by Manpower Administration to implement a sound classification structure, there is no doubt that Manpower will make every effort to maintain that structure by strict compliance with Departmental classification procedures and policies including the follow-up of projected positions.

In addition, CSC and Departmental personnel management reviews will assure Agency compliance.

Reference page 24.

[See GAO note 2 on p. 51.]

You may be interested to know that in February 1975, as a result of over two years of extensive planning and development, classification authority through GS-13 was redelegated by the Assistant Secretary for Administration and Management (ASAM) to the ten Departmental Regional Directors. Previously the delegation had been from the ASAM to the Agency Assistant Secretaries. The new delegation places classification authority in the field and the classification staffs of the ten Regional Administration and Management Offices (RAMO's) under the direct line authority of the Regional Directors. As indicated above, annual classification reviews are a Department requirement. Since a classification review involves a review of position management effectiveness, the deficiency cited in the report will be corrected. Such reviews are documented. In addition, since June of 1973, classification of any position at the GS-14 and GS-15 levels requires the prior review and approval of the Assistant Secretary for Administration and Management. This classification review also includes a review of the position management aspects of each case.

Reference page 25. The report states that there had been no internal Personnel Management Evaluation (PME) in the Manpower Administration but that the Department was establishing a PME program to become operational in FY 75. This has been accomplished and evaluations have been completed of the Kansas City Region, and the Occupational Safety and Health Administration National Office. A nationwide review of the Employment Standards Administration (ESA) is currently underway. Evaluations have been completed of ESA in San Francisco, Dallas, Chicago, New York and Philadelphia. The ESA National Office will be evaluated the first two weeks of September 1975. An evaluation schedule for FY 76 has been published and will be carried out. Manpower Administration has not been included in the PME reviews because of the major effort underway in Manpower Administration which has been described in the earlier parts of this letter. As indicated, the CSC, the Department as well as Manpower Administration are heavily involved in this effort.

The Secretary appreciates the General Accounting Office's providing the opportunity to comment on the draft report. I hope the foregoing information will prove helpful to the General Accounting Office in preparing the final report.

Sincerely,

Fred G. Clark

FRED G. CLARK
Assistant Secretary for
Administration and Management

Enclosure

- GAO notes 1: Page number references in this appendix may not correspond to pages of this final report.
- 2: Deleted comments related to matters present in the draft report which have been revised in the final report.



ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

MANPOWER AND
RESERVE AFFAIRS

9 SEP 1975

Mr. Forrest R. Browne
Director, Federal Personnel and
Compensation Division
U. S. General Accounting Office
Washington, D. C. 20548

BEST COPY AVAILABLE

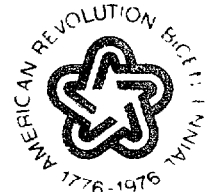
Dear Mr. Browne:

On behalf of the Secretary of Defense, this is in reply to your request of June 27, 1975, for our comments on your draft report titled, "Federal White-Collar Classification Should Be Better Controlled," OSD Case #4109.

The Department of Defense requested the Defense Supply Agency (DSA), the Headquarters organization of the Defense Contract Administration Services Region (DCASR), to comment on the report. Their comments are included as an enclosure to this letter. To the extent possible, it is requested that these comments be taken into consideration in developing the final report.

The draft report does not mention that DSA Headquarters had only recently surveyed DCASR, Atlanta, had identified problems in the classification program, and had initiated corrective action. Inclusion of this information in your final report, along with an indication that more than 60 percent of the positions audited by the General Accounting Office had already been identified by the DSA case listing, will more accurately reflect the situation at DCASR, Atlanta.

This Department agrees with the recommendations for action as they are included in the report. We suggest, however, that your overall classification findings provide the basis for another action recommendation. The proportion of clerical positions which were incorrectly classified exceeds the proportion of professional and administrative positions which were incorrectly classified. The local labor market area is the normal recruitment source for clerical positions, while the source of recruitment



for professional and administrative positions is usually nation-wide. The fact that all activities in your study were located in high-paying labor market areas may indicate the clerical grade levels were influenced by the external factor of a higher paying industrial sector competing for the same work force. It is suggested, therefore, that your findings be used as a basis for an additional recommendation for a prevailing rate salary system for clerical positions. This would clearly prevent any tendency to compensate for salary inequities through the classification process.

The last paragraph on page 8 of your report, summarizing certain Civil Service Commission findings, concludes that, "The major cause of overgrading was pressure exerted by agency managers. In the field, an equally important cause was the lack of classification expertise among agency personnel staffs." This part of the report would be improved by including a statement on the disproportionate number of trainees now found in many classification staffs because of the inability to recruit a sufficient number of fully-qualified classifiers.

It is also recommended that your report include a statement such as the following regarding the pressures applied by agency managers on classifiers. "Measures should be taken to help managers better understand the classification process and its purpose. If efforts to change managerial attitudes are unsuccessful, consideration should be given to removing the classification authority from the organization in which the positions being classified are located."

The opportunity to comment is appreciated.

Sincerely,



John F. Ahearne
Acting

Enclosure

GAO note: The enclosure is not included, but we considered the Agency's positions where appropriate in the report.



THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

August 28, 1975

Mr. Henry Eschwege
Director, Resources and
Economic Development Division
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Eschwege:

This letter transmits two copies of HUD's comments on your draft report about controlling the classifications of Federal white collar positions.

I share your concern that classification should be better controlled, and I am leading HUD in that direction. Hopefully, HUD's comments will contribute to your report and enhance its impact. Please note the few instances where data you report about HUD differs from my information. Ms. Lyn Ehrmann, HUD's Staff Leader for Position Classification, is available to you for further clarification or assistance (755-5492).

Thank you for this opportunity to comment.

Sincerely,

A handwritten signature in cursive script, appearing to read "Carla A. Hills".

Carla A. Hills

Enclosure

COMMENTS RELATING TO HUD2. RELUCTANCE TO DOWNGRADE POSITIONS ("INCUMBENCY")
(reference page 13)

[See GAO note 2 on p. 59]

- b. GAO report states, "HUD staff said incumbency allocations were caused by a policy in past years of not dismissing or downgrading anyone even though their duties and responsibilities changed during reorganizations or program changes...." [See GAO note 2 on p. 59]

At the time of the decentralization, HUD guaranteed to all its affected employees that they would continue to have jobs and that the grade level of their jobs would not be reduced. "Incumbency" allocation in the sense of the GAO report has not been sanctioned on any other occasion. Personnelists or managers faced with claims that grades have been "mandated by headquarters" have been instructed to refer such cases up their chain of command. Efforts to correct misclassifications resulting from this and other causes include participating with the U.S. Civil Service Commission in personnel evaluations, forming a staff level group to address position classification and management, and, increasingly, stressing the annual position review as an opportunity to correct errors.

- c. GAO report states, "We were told that HUD did not plan to make a special effort to identify and correct incumbency positions, but that such positions should be corrected as part of their next reorganization." This information [See GAO note 2 on p. 59]

implies that HUD is indifferent to a major position classification problem; also, that HUD relies on reorganization to resolve all classification ills. [See GAO note 2 on p. 59]

"incumbency" allocations are not known to be a major HUD problem (although the legend of HUD incumbencies has caused some classification problems in the field). Secondly, HUD is taking positive, aggressive action to resolve both its short- and long-range classification problems. HUD has for the first time used RIF procedures to effect major reorganizations (realignment of Fall 1974). Guidance was issued to the field (Attachment II) that stressed right and orderly classification of all positions prior to reorganization. Thus, it is clear that reorganization is not being relied upon to solve HUD's classification problems. HUD has not resources behind a top staff group to identify problems and to define and lead implementation of solutions (their FY-75 Annual Report is attached, also their FY-76 plan for action) (Attachment III).

3. WHITTEN REVIEW NOT ADEQUATELY PERFORMED (reference page 17)

[See GAO note 2 on p. 59]

- b. The GAO draft summarizes annual position review in HUD as follows:

The director of personnel operations for HUD Headquarters informed us that as of March 1974 nothing had been done the previous 18 months to comply with the Whitten Amendment. A personnel specialist said that although FY's 1970 and 1972 certifications were made to the Congress, no special reviews or desk audits had been made.

That summary omits the fact that comprehensive and indepth review of every HUD Headquarters position was conducted just prior to efecting decentralization (1971/1972). As a result of this review, 30% of HUD Headquarters positions were recommended for abolishment. Also, that reorganization of this magnitude includes review of essentiality of each position and meets the requirements of the Whitten Review. Although the organizational trauma of decentralization in 1972 was such that it took HUD Headquarters until FY-75 to establish and conduct a decent Whitten review (which has been completed), control was exerted during this period on a case-by-case basis. Every GS-14 and GS-15 job was audited prior to approval, and audits were done as resources permitted and as needed to conduct the day-to-day business of position change and minor reorganization.

[See GAO note 2 on p. 59]

BEST DOCUMENT AVAILABLE

[See GAO note 2 on p. 59]

4. INADEQUATE POSITION DESCRIPTIONS

a. HUD Review of Descriptions (reference page 19)

GAO reports that HUD "did not review positions on a scheduled basis to update descriptions or check classifications."

As presented, this statement implies that this is HUD custom or policy and therefore it is misleading. It is true only insofar as it refers to the "convalescent" period between the decentralization of 1972 and reemphasis of annual review requirements begun in Spring of 1974. This policy is being emphasized to the extent that the entire focus of our staff position classification work in FY-76 is on producing tools to facilitate this process (and consequently to facilitate reorganization).

[See GAO note 2 on p. 59]

b. Standard Position Descriptions (reference page 22)

The situation described in the GAO draft is precisely true. It is further evidence of the fact that too few resources have been devoted to position classification.

5. LITTLE EMPHASIS GIVEN TO POSITION MANAGEMENT (reference page 24)

- a. GAO report states, "For example, at the time of our review HUD did not have a formal program to systematically evaluate the organization and position structure.... Formal studies were not made on a regular basis but only as needed."

[See GAO note 2 on p. 59]

(An additional handbook stressing position classification aspects of position management and regular position classification-type surveys is in HUD's clearance process. (Attachment V)

- b. GAO report states, "The Acting Director, Office of Management and Organization, told us that most organizational planning was done informally at regular meetings and conferences and was not documented."

The comments referred to from the Acting Director, Office of Management and Organization, do not present the full picture. What was discussed was that organizational planning is done, not only by task forces and organization analysts, but is often a by-product of staff meetings and conferences addressing the tasks of an organization, its problems, and possible solutions. From such discussion organized organizational studies often evolve but these are documented and do include personnel implications. Studies and organizational planning are also part of management's normal "evaluation" role and are inherent in management processes such as "management by objectives."

- c. GAO report states, "Since 1971 two position management studies had been made at HUD Headquarters. Position classification staff were not members of the review teams and were consulted only when classification matters were considered."

[See GAO note 2 on p. 59]

At the end of 1971 and beginning of 1972 there was a management review of all HUD Headquarters and Key Field positions. This review was conducted by 7 multi-disciplinary teams, each of which included a Personnel Specialist. The review was precursor to HUD's decentralization. During the review, each position was redescribed and retention registers were constructed. The review team recommended major organization changes down to the position level; changes recommended a total reduction of 30% of Headquarters positions. No review since that time has been quite as comprehensive, however, personnelists are consulted to plan at least a majority of minor reorganizations (this varies according to degree to which individual personnelist has won a place on the management team), also in planning every organization change with Department-wide impact (e.g., Fall of 1974 Realignment of Area Offices).

6. REGULAR INTERNAL PERSONNEL MANAGEMENT EVALUATIONS NEEDED
(reference page 25)

This is correct, although about one "special" PME evaluation of Headquarters has been conducted each year since 1974.

GAO notes 1: Page number references in this appendix may not correspond to pages of this final report.

2: Deleted comments related to matters present in the draft report which have been revised in the final report.

PRINCIPAL OFFICIALS
RESPONSIBLE FOR ADMINISTERING
ACTIVITIES DISCUSSED IN THIS REPORT

| | <u>Tenure of office</u> | |
|---|-------------------------|-----------|
| | <u>From</u> | <u>To</u> |
| CIVIL SERVICE COMMISSIONERS: | | |
| Robert E. Hampton, Chairman | Jan. 1969 | Present |
| Jayne B. Spain, Vice Chairman | June 1971 | Present |
| L. J. Andolsek, Commissioner | Apr. 1963 | Present |
| James E. Johnson, Commissioner | Feb. 1969 | June 1971 |
| SECRETARY OF HEALTH, EDUCATION, AND WELFARE: | | |
| David Mathews | Aug. 1975 | Present |
| Caspar W. Weinberger | Feb. 1973 | Aug. 1975 |
| Elliot L. Richardson | June 1970 | Jan. 1973 |
| Robert H. Finch | Jan. 1969 | June 1970 |
| SECRETARY OF HOUSING AND URBAN DEVELOPMENT: | | |
| Carla A. Hills | Mar. 1975 | Present |
| James T. Lynn | Feb. 1973 | Feb. 1975 |
| George W. Romney | Jan. 1969 | Jan. 1973 |
| SECRETARY OF LABOR: | | |
| John T. Dunlop | Mar. 1975 | Present |
| Peter J. Brennan | Feb. 1973 | Feb. 1975 |
| James D. Hodgson | July 1970 | Feb. 1973 |
| George P. Shultz | Jan. 1969 | June 1970 |
| SECRETARY OF DEFENSE: | | |
| William P. Clements, Jr. (acting) | Nov. 1975 | Present |
| Dr. James R. Schlesinger | July 1973 | Nov. 1975 |
| Elliot L. Richardson | Jan. 1973 | July 1973 |
| Melvin R. Laird | Jan. 1969 | Jan. 1973 |
| DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET: | | |
| James T. Lynn | Feb. 1975 | Present |
| Roy L. Ash | Feb. 1973 | Feb. 1975 |
| Caspar W. Weinberger | June 1972 | Feb. 1973 |
| George P. Shultz | July 1970 | June 1972 |

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